

DEPARTMENT OF FINANCIAL INSTITUTIONS
MINUTES OF MEETING
JANUARY 12, 1995

The Members of the Department of Financial Institutions met at 9:00 a.m., EST, at 402 West Washington Street, Room W-066, Indianapolis, Indiana, on Thursday, January 12, 1995. Members present were Messrs. Mark Hasten, Chairman, presiding, W. Paul Wolf, Norman Lowery, R. Douglas Grant, and Ms. Dee Godme. Also present from the Department were Charles W. Phillips, Director; James M. Cooper, Deputy Director, Depository Division; Kirk J. Schreiber, Bank Analyst; Eric D. Roberts, Bank Analyst; Randall L. Rowe, Bank Supervisor; Mark K. Powell, Supervisor, Credit Unions; Donna R. Kaye, Assistant to Division Supervisor, Consumer Credit Division; and Ronda K. Bailey, Bank Secretary. Messrs. Zaleski and Leitch were absent.

I. PUBLIC SESSION

- A.) Attendance
- B.) Date of next meeting: February 9, 1995, at 9:00 a.m., EST.
- C.) A motion was made for approval of the minutes of the meeting held December 8, 1994, by Mr. Lowery and was seconded by Mr. Wolf. The minutes were unanimously approved.

DIVISION OF BANK AND TRUST COMPANIES

1) Harrison County Bank, Palmyra, Harrison County, Indiana

Harrison County Bank applied to the Members of the Department for approval of a Plan of Exchange between Harrison County Bank and HCB Bancorp, Palmyra, Harrison County, Indiana, an Indiana corporation organized on July 19, 1994. The plan provides for the exchange of one (1) share of Harrison County Bank common stock for one (1) share of HCB Bancorp common stock.

A public hearing was held on December 16, 1994, at the Harrison County Bank, 710 Main Street, N.E., Palmyra, Harrison County, Indiana. Director Phillips conducted the hearing on behalf of the Members of the Department of Financial Institutions. Also representing the Department were Deputy Directors Cooper and Stumpf.

The recommended order of Director Phillips is being presented to the Members of the Department pursuant to the requirements of the Indiana Administrative Adjudication Act found at IC 4-22-1-12.

Approval of the Plan of Exchange is recommended.

A motion for approval of the application was made by Mr. Lowery and seconded by Ms. Godme. The application was unanimously approved.

2) **CNB Bancshares, Inc., Evansville, Vanderburgh County, Indiana**

This application was presented by Mr. Kirk J. Schreiber, Bank Analyst. CNB Bancshares, Inc. (CNB) has applied to the Members of the Department for approval to acquire 100% control of The Bank of Orleans (Orleans), Orleans, Orange County, Indiana, pursuant to IC 28-2-14. CNB and Orleans have entered into an Agreement and Plan of Reorganization dated October 18, 1994. CNB will form an interim merger bank that will be used to merge into Orleans, with Orleans being the survivor. Upon consummation of the merger, Orleans will change its name to Citizens Bank of Orleans.

The proposed transaction consists of an exchange of 6.37 shares of CNB common stock for each share of Orleans' common stock. Mr. Schreiber reported that the pro forma combined financial statements as of September 30, 1994, reflect a tier one leverage capital ratio of 7.53% for CNB. Pro forma total assets for the same date were \$2.97 billion and total equity capital of \$243 million. It is anticipated that the Federal Reserve Bank of St. Louis will approve the application on January 30, 1995.

In the opinion of the Department staff, statutory requirements of IC 28-2-14-12 have been satisfactorily met. A motion for approval of the application was made by Mr. Wolf and seconded by Mr. Lowery. The application was unanimously approved.

3) **Franklin Loan and Savings Association, Boonville, Warrick County, Indiana**

Franklin Loan and Savings Association (Franklin), Boonville, Warrick County, Indiana, through its Board of Directors, adopted a resolution to liquidate its affairs and dissolve the institution in a manner prescribed in IC 28-1-9. Mr. Kirk J. Schreiber, Bank Analyst presented this application. The resolution must be submitted to and approved by the Department before the resolution is submitted to a vote of the shareholders of the corporation. The resolution was adopted by Franklin's Board of Directors November 9, 1994. Upon submitting the resolution, the Department must determine if the corporation is solvent, or that it has sufficient assets to pay all of its depositors and all other liabilities. If the corporation is found to be solvent, pursuant to IC 28-1-9-3, the Department may approve the dissolution and can authorize the board to submit the question of dissolution to the shareholders. Mr. Schreiber reported to the Members that based on the financial statements submitted by Franklin and a recent examination of the institution, Franklin is considered to be solvent. A motion for approval of the application was made by Ms. Godme and seconded by Mr. Lowery. The application was unanimously approved.

4) **Franklin Loan and Savings Association, Boonville, Warrick County, Indiana**

The staff also requested that the Members delegate to the Director, the authority to approve the liquidating agent, in order to expedite the liquidation process. IC 28-1-9-5 requires that the liquidating agent be approved by the Department following the approval of the dissolution by the shareholders. A motion for approval of this request was made by Mr. Wolf and seconded by Mr. Grant. The application was unanimously approved.

DIVISION OF CONSUMER CREDIT

- A) A review of the Non-Depository Division Uniform Consumer Credit Code 1994 Annual Report to the Governor was presented by Donna Kaye. Ms. Kaye provided a brief

history of the code and a description of the issues included in the report.

DIRECTOR'S COMMENTS AND REQUESTS

- A) LINCOLNLAND BANK, DALE, SPENCER COUNTY, INDIANA
The bank notified the Department that they have closed their branch banking office which was known as "Reo Branch" located at Highway 231, Reo, Spencer County, Indiana. The Office was closed on December 16, 1994, at 6:00 P.M. This item was for informational purposes only.
- B) The Director advised the Members of actions taken pursuant to delegated authority. Mr. Phillips asked for any questions or clarifications of the actions, which are as follows:

DIVISION OF BANK AND TRUST COMPANIES

1. JACKSON COUNTY BANK, SEYMOUR, JACKSON COUNTY, INDIANA
The bank has applied for approval to establish a branch banking office to be known as "Banco Financial Services of Jackson County Bank." The bank will operate twelve branches. The request was approved by the Director under Delegated Authority on December 21, 1994.
2. THE CITIZENS STATE BANK, WILLIAMSPORT, WARREN COUNTY, INDIANA
The bank has applied to the Director for approval to amend Article V of its Articles of Incorporation. The amended Article will change the number of Directors of the bank. The request was approved by the Director under Delegated Authority on December 21, 1994.

DIVISION OF CONSUMER CREDIT

1. A request was made for a consumer loan license by Saxon Mortgage, Inc. of Glen Allen, Virginia. They are currently operating in twelve states. They will be making second mortgage loans using local attorneys and title companies to close the loans. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on January 4, 1995.
2. A request was made for a pawnbroking license by Cash-N-Pawn of Indiana, LLC. They are currently operating two pawn shops in Minnesota. All references are in order. They will be located in Indianapolis. No objections were offered by local law enforcement. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on January 4, 1995.
3. A request was made for a pawnbroking license by Arthur R. Jensen d/b/a Jensen's Pawn Company. They will be located in Greenfield. All references are in order. No objections were offered by local law enforcement. Mr. Jensen was specifically advised of the necessity of holding the pawned item. Mr. Jensen was further advised of the specific requirement to hold the automobile if it is accepted in pawn. The holding of the title is

not sufficient. Mr. Jensen operates a used car lot at his location in Greenfield. However, he confirmed in writing that he would not be pawning automobiles. It is recommended that the license be approved. The request was approved by the Director under Delegated Authority on January 4, 1995.

DIVISION OF CREDIT UNIONS

1. **SPENCER COUNTY COOPERATIVE CREDIT UNION, CHRISNEY, SPENCER COUNTY, INDIANA**

A request was made for approval of a Proposed Amendment To the Articles of Incorporation. This amendment would place members of credit union affiliated associations into the field of membership of the credit union. The request was approved by the Director under Delegated Authority on January 3, 1995.

2. **ELKHART COUNTY FARM BUREAU CREDIT UNION, ELKHART, ELKHART COUNTY, INDIANA**

A request was made for approval of a Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union. The request was approved by the Director under Delegated Authority on December 28, 1994.

Oaklawn - Goshen - 115 members
Dutch Mills - Goshen - 60 members
Goshen Industries, Inc. - Goshen - 200 members
Bethany Christian High School - Goshen - 40 members

3. **TEACHERS CREDIT UNION, SOUTH BEND, ST. JOSEPH COUNTY, INDIANA**

A request was made for approval of a Proposed Amendment To the Articles of Incorporation. This amendment would place the following organizations into the field of membership of the credit union. The request was approved by the Director under Delegated Authority on December 28, 1994.

D.W. Wallcovering, Inc. - Culver - 100 members
Indianapolis Bar Association - Indianapolis - 3,113 members
E & S Services, Inc. - Elkhart - 4 members
National Printing Coverters, Inc. - Brazil - 74 members
Ditto Pump & Machine Products, Inc. - Granger - 7 members
Madison Properties Management - Greenwood - 1 member
Nu-Focus, Inc. - South Bend - 4 members
Wholesale Leathers - Indianapolis - 15 members
North Salem Church of God - Plymouth - 35 members
Computer Concepts of Goshen Inc. - Goshen - 3 members
Northern Indiana Canteen Corp. - South Bend - 102 members
Creative Financial Planning Advisors, Inc. - South Bend - 3 members
Creative Financial Planning Alternatives, Inc. - South Bend - 4 members
Orkin Exterminating Company - South Bend - 18 members

There being no further business to come before the Members, the meeting was adjourned.

APPROVED:

ATTEST:

Mark Hasten, Chairman

James M. Cooper, Assistant Secretary